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Message Text

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53
ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EUR-08 IO-03 IGA-01

EB-03 SAM-01 H-01 L-01 PM-03 SP-02 SWF-01 PRS-01

INR-05 CIAE-00 DODE-00 AID-05 RSC-01 /060 W
---------- 089086
P R 171345Z DEC 74
FM AMCONSUL LOURENCO MARQUES
TO SECSTATE WASHDC PRIORITY 3130
INFO AMEMBASSY ADDIS ABABA
AMEMBASSY BLANTYRE
AMCONSUL CAPE TOWN
AMEMBASSY DAR ES SALAAM
AMEMBASSY LISBON
AMEMBASSY LONDON
AMCONSUL LUANDA BY POUCH
AMEMBASSY LUSAKA
AMEMBASSY MBABANE
AMEMBASSY PRETORIA
USMISSION USUN

C O N F I D E N T I A L LOURENCO MARQUES 1147

LIMDIS

CAPE TOWN FOR EMBASSY; STATE ALSO FOR AID

E.O. 11652: GDS
TAGS: PFOR, EAID, MZ, PO
SUBJECT: CALL ON MOZAMBIQUE HIGH COMMISSIONER: AID TO
MOZAMBIQUE

REF: (A) LOURENCO MARQUES 1054 (B) STATE 269476

1. I CALLED ON HIGH COMMISSIONER ADMIRAL VICTOR CRESPO FOR A TOUR D'HORIZON PRIOR TO CONSULTATION IN WASHINGTON JANUARY 2-3. CRESPO HAD RECENTLY RETURNED FROM CONSULTATIONS WITH TOP GOP AND MFA OFFICIALS IN LISBON. HE REVEALED THAT HE WOULD ANNOUNCE
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NEXT WEEK A $20 MILLION FINANCIAL GRANT FROM PORTUGAL TO

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MOZAMBIQUE TO REPLENISH DEPLETED FOREIGN EXCHANGE ACCOUNT (FUNDO CAMBIAL). CRESPO EMPHASIZED THAT THIS AMOUNT WOULD ONLY TIDE COUNTRY OVER FOR A VERY SHORT TIME AND THAT HE ESTIMATED MOZAMBIQUE NEEDED AT LEAST $100 MILLION TO SOLVE ITS SHORT TERM FOREIGN EXCHANGE PROBLEM. UNLESS MOZAMBIQUE SOLVED THIS PROBLEM SOON, CRESPO SAID, PRODUCTIVITY OF MOZAMBIQUE'S ECONOMY, WHICH IS BASICALLY SOUND, WOULD BE DRASTICALLY AFFECTED. SOME FACTORIES ALREADY OPERATING BELOW CAPACITY OWING TO LACK OF SPARE PARTS FOR LOCOMOTIVES. (COMMENT: DIESEL LOCOMOTIVES PURCHASED FROM U.S. EARLIER THIS YEAR WERE TO HAVE BEEN FINANCED BY EXIMBANK LOAN BUT, AS WILL BE DISCUSSED SEPTEL, EXIM FINANCING HAS NEVER COME THROUGH.)

2. RE PETROLEUM IMPORTS, HIGH COMMISSIONER STATED HIS GOVERNMENT HAD OFFERED TO ACT AS INTERMEDIARY FOR TRANSITIONAL MOZAMBIQUE GOVERNMENT IN SEEKING PETROLEUM ASSISTANCE FROM SPECIAL UN FUND SET UP FOR THIS PURPOSE. MOZAMBIQUE GOVERNMENT HAD DECLINED, REPORTING IT HAD ALREADY MADE DIRECT APPROACH FOR PETROLEUM ASSISTANCE TO ARAB COUNTRIES AND OAU.

3. CRESPO STATED GOP HAD CONCLUDED THE STUDIES ON FUTURE PORTUGUESE ECONOMIC, TECHNICAL, CULTURAL AND POLITICAL RELATIONS WITH MOZAMBIQUE AND NEGOTIATIONS FOR CONCRETE AGREEMENTS IN THESE AREAS EXPECTED BEGIN IN JANUARY. HE ALSO SAID PORTUGAL WOULD PROVIDE TECHNICIANS, CIVILIAN OR MILITARY, TO INSURE THAT NO VITAL INDUSTRY OR SERVICE WOULD SHUT DOWN IN MOZAMBIQUE.

4. TOLD ADMIRAL CRESPO I WOULD BE IN WASHINGTON ON CONSULTATION IN EARLY JANUARY AND DID NOT WISH TO LEAVE LOURENCO MARQUES WITHOUT INFORMING HIM THAT WASHINGTON HAD NOT FORGOTTEN MOZAMBIQUE'S SHORT-TERM ECONOMIC PROBLEM AND LONGER-TERM DEVELOPMENT NEEDS. WHEN I MENTIONED THE FOREIGN AID BILL WAS UNDER DEBATE IN CONGRESS AT THIS MOMENT, HE INDICATED THAT HE AWARE OF THIS. I ASKED HIM TO PASS ON TO PRIME MINISTER CHISSANO FACT THAT WE WERE CONTINUING ACTIVELY TO STUDY PROBLEMS DISCUSSED DURING EASUM VISIT. HE ASKED THAT HIS PERSONAL REGARDS BE TRANSMITTED TO THE ASSISTANCE SECRETARY.

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TM IN CALL ON SECRETARY GENERAL (WHO IS IN CHARGE OF FORTHCOMING PORTUGUESE/MOZAMBIQUE NEGOTIATIONS AND WELL INFORMED ON ECONOMIC SITUATION) HE SAID IT WAS ESSENTIAL TO IMPRESS ON FOREIGN GOVERNMENTS OR INTERNATIONAL ORGANIZATIONS INTERESTED IN HELPING MOZAMBIQUE THAT THE NEED FOR AID IS IMMEDIATE. SOME COUNTRIES APPEAR TO BE DELAYING OFFERS OF ASSISTANCE TO MOZAMBIQUE UNTIL AFTER INDEPENDENCE BUT BY THEN IT WILL BE TOO LATE. UNLESS AID GIVEN SOON, POLITICAL

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AND ECONOMIC SITUATION IN MOZAMBIQUE WILL DETERIORATE TO SUCH AN EXTENT THAT MOST BUSINESSMEN AND TECHNICIANS WILL LEAVE, THEREBY FURTHER DISRUPTING ECONOMY AND MAKING IT MORE DIFFICULT AND EXPENSIVE TO SALVAGE.

6. COMMENT: HAVE HAD NO CONTACTS WITH FRELIMO-LED GOVERNMENT SINCE EASUM VISIT. MOMENTUM IS BEING LOST AS WELL AS OPPORTUNITY FOR REAL IMPACT, POLITICAL AND ECONOMIC. URGE EARLY WASHINGTON DECISION ON FOOD AID AND STUDY TEAM (REF B).
WALKER

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